



CONFIDENTIAL ORDINARY COUNCIL MEETING

CONFIDENTIAL MATTERS

Staff Reports

18.1	Northern CBD Project - Multi-deck Car Park (Attachments).....	5
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Released 29 April 2019

STAFF REPORTS

Released 29 April 2019

18.1 NORTHERN CBD PROJECT - MULTI-DECK CAR PARK

Contact Person: Mr James Pollock

Why is this matter confidential?

Subject to an order pursuant to Sections 90 (3) (b) (d) of the Local Government Act 1999, this matter is confidential because this item relates to a proposed development that a third party has conducted, on the request of administration, a report that provides indicative pricing for design and construct of a multi-storey carpark.

A. COUNCIL/COMMITTEE TO MOVE MOTION TO GO INTO CONFIDENCE

No action – this motion passed in the open section.

B. THE BUSINESS MATTER

18.1 NORTHERN CBD PROJECT - MULTI-DECK CAR PARK

Responsible Executive Manager : James Pollock

Report Author : Greg Salmon

Delegated Authority : Matters which cannot be delegated to a Committee or Staff.

Attachments :

1. Car Park Concept Artist Impression
2. Car Park Concept Plans
3. Car Park Prudential Review

PURPOSE

To decide whether to proceed with the detailed design and construction of a Multi-deck Car Park within the Northern CBD Project.

STAFF RECOMMENDATION

Council endorse the construction of a Multi-deck Car Park to be built on Site 7 of Stage 1 of the Northern CBD Project (northern corner of Main North Road and Philip Highway intersection) at a cost of \$7.4m with \$5,939,200 contributed by Council.

These funds are to be borrowed and repaid with funds received as allotments within the Northern CBD Stage 1 precinct are sold.

EXECUTIVE SUMMARY

A multi-deck car park is needed to ensure Stage 1 of the Northern CBD Project can reach its full potential. A multi-deck car park concept has been developed in the form of a 6 storey building with a capacity of 360 car parks.

1. BACKGROUND

Repositioning Elizabeth as the CBD of the north will significantly improve the wellbeing of residents in northern Adelaide by improving services, economic diversity, and housing choice.

Northern CBD Project Stage 1 infrastructure works are currently underway and expected to be complete in August 2017. These works are creating 12 development sites ready for multi-storey mixed use development. The last piece of crucial infrastructure needed to facilitate these developments is an efficient car parking solution.

The overall Northern CBD Project Prudential Review adopted by Council in March 2016 included a provision for a multi-storey car park.

A concept design has been completed for a 6 storey car park on site 7 of the project with a capacity of 360 car parks and an estimated overall cost of \$7.4m. Council has been successful in receiving a grant from the LGA Infrastructure Partnership Fund to contribute 20% (\$1.48m) of this cost provided the project commences by December 2017.

Council must make decision whether to proceed with the car park development.

2. RELEVANCE TO STRATEGIC PLAN

4: Smart CBD Program

Outcome 4.2 Growth and diversification of local jobs in the CBD

3. PUBLIC CONSULTATION

No public consultation is decided for this decision. Consultation has been undertaken on the overall project in pre-vision budget processes and on a larger scale for the Playford Community Plan that set the Northern CBD Project as a strategic priority.

4. DISCUSSION

4.1 Location

Careful consideration has been given to the car park location. Site 7 is considered the ideal location due to it placing the car park in a location where it can service the Playford Arena via a pedestrian sky bridge across Philip Highway, along with the majority of sites in Stage 1. One big advantage of the car park being in the current location is that it allows buildings planned on sites 6 & 8 to have car parking on upper levels linked to Council's multi-deck. This minimises the number of inefficient ramps needed to facilitate car parking above ground level.

4.2 Cost

The cost of a multi-deck car park can vary dramatically depending on materials and efficiency. Council staff investigated a number of different car parking options including ones where the car park was integrated in a larger office building. Unfortunately the premium paid to facilitate this outcome was almost double for the car parking and therefore a stand-alone car park was adopted as the preferred option. Recent stand-alone car parks constructed in Adelaide at the Entertainment Centre and Modbury Interchange have been built for around \$17,000 per car park. This is the rate Council has modelled for the proposed car park plus overheads such as design fees and finance. The overall budget has been set at \$7.4m with \$1.48m committed by the LGA Infrastructure Partnership Fund provided construction commences prior to December 2017. A decision to proceed now is required for this deadline to be met.

4.3 Design

An important part of the car park concept design brief is that the building does not look like a car park. Car parks can be unattractive buildings and therefore effort has been put in to making sure the façade of the Car Park be architectural.

The layout of the car park is the most efficient design possible for a multi-storey car park. At six storeys the car park is 6 times more efficient than ground level car parking.

The car park has a proposed capacity of 360 cars. The demand for this capacity has been calculated using the Parking Spaces for Urban Places: Car Parking Study Guideline for Greater Adelaide prepared by Aurecon in 2013. The breakdown of this demand is:

Weekday

Development	Demand	Discount	Provided	Required in Multi-deck
Playford Civic and Grenville Centres	150	N/A	60	90
Playford Medical Hub	120	10%	68	40
Playford Arena	150	N/A	40	110
Families SA Office Building	206	25%	74	82
Future Office Building 3	167	25%	111	15
Total				337

Weeknights/Weekends

Development	Demand	Discount	Provided	Required in Multi-deck
Playford Civic and Grenville Centres	150	N/A	60	90
Playford Medical Hub	120	10%	68	40
Playford Arena	300	N/A	40	260
Families SA Office Building	N/A			0
Future Office Building 3	N/A			0
Total				390

The average of the peak demand was chosen as the ideal capacity as there is a high volume of potential spill over car parking available in the vicinity.

Council will be able to monitor the use of the car park and utilise any under-use for future developments in the precinct until peak use is achieved.

The design and budget includes a pedestrian sky bridge to the Playford Arena. If this development has not commenced at the same time as the car park, then a provision will be made for the bridge in the future. A provision will be included for a pedestrian sky bridge to Fremont Park.

4.4 Income

A number of potential income sources exist for the car park including 3rd party advertising, and paid parking (after a set free period). Both of these will be fleshed out as part of the detailed design phase. Basic modelling indicates that these revenue sources may offset the ongoing operational costs of the car park.

4.5 Prudential Review

Section 48 of the Local Government Act (the Act) requires Council to consider a report addressing the prudential issues before engaging in a project where the expected capital cost over the ensuing five years is likely to exceed \$4 million.

BRM Holditch was engaged to undertake an independent Prudential Review of the proposed Multi-deck Car Park in accordance with the Act (see Attachment 3).

5. OPTIONS

Recommendation

Council endorse the construction of a Multi-deck Car Park to be built on Site 7 of Stage 1 of the Northern CBD Project (northern corner of Main North Road and Philip Highway intersection) at a cost of \$7.4m with \$5,939,200 contributed by Council.

These funds are to be borrowed and repaid with funds received as allotments within the Northern CBD Stage 1 precinct are sold.

Option 2

Council does not endorse the construction of a Multi-deck Car Park to be built on Site 7 of Stage 1 of the Northern CBD Project.

6. ANALYSIS OF OPTIONS

6.1 Recommendation Analysis

6.1.1 Analysis & Implications of the Recommendation

A multi-deck car park is needed to ensure Stage 1 of the Northern CBD Project can reach its full potential. Without one, development will be limited to low level and the land large portions of land within the project will be needed for car parking. This would result in less jobs, services, and rates for Council. Council has the opportunity to build car park with 360 spaces with 20% funding contributed from the LGA Infrastructure Partnership if it commences construction before December 2017.

This will require Council to borrow \$5,939,200. It is expected that Council will receive sufficient land sale funds to pay off the car park within 3 years.

6.1.2 Financial Implications

	2017/18 \$'000	Ongoing \$'000
Operating Revenue		
• Advertising Sign revenue		100
• Carpark		210
Operating Expenditure		
• Maintenance		-307
• Depreciation		-193
• Borrowing Costs		-295
Net Operating Impact		-485
Capital – Investing Revenue		
- Grant Funding	1,480	
- Future Land Sales		
Capital Expenditure	-7,424	
Total Net Capital Investment	-5,944	

Funded by

- Capital Investment Revenue Assumptions:-
 - Council has secured \$1.480m from the LGA Infrastructure Partnership Fund provided construction commences prior to December 2017.
 - It is also expected that Council will receive land sale funds to offset the capital expenditure over time eg Lot 12 for the Ice Arena.
- Capital Expenditure Assumptions:-
 - The project cost of \$7.424 million has been modelled on recent stand-alone car parks constructed in Adelaide at the Entertainment Centre and Modbury Interchange, which have been built for around \$17,000 per car park.
 - The budget also includes such as overheads, design fees, finance costs and provision for the Sky Bridge to the Ice Arena.
- Operating Revenue Assumptions:-
 - 3rd party advertising signage revenue \$100,000 p.a.
 - Car parking - permanent and paid after set time \$210,000 p.a.
- Operating Expenditure Assumptions:- \$795,000
 - Maintenance, Depreciation and Borrowing Costs
 - It is anticipated that solar panel will be install on the roof, which will reduce the ongoing electricity cost for the building.
 - Final ongoing borrowing costs will depend on land sales revenue received.

The net operational impact of \$485,000 per annum needs to be reviewed as part of holistic feasibility for the entire CBD ongoing operational costs. The carpark facilitates the development of other sites within the CBD, which will generate land sales and future rate revenue. For example estimate future rate revenue is expected to grow from \$43,000 p.a. (2018/19) to \$768,000 p.a.in 2020/21 to offset the carpark net operating shortfall of \$485,000.

6.2 Option 2 Analysis

6.2.1 Analysis & Implications of Option 2

This option would mean that Council would miss the opportunity of a \$1.48m contribution towards the car park from the LGA Infrastructure Partnership Fund. Council would need to meet the full cost of the car park or find other funding sources, or decide not to provide a car park which would reduce the scale of development possible within the project area.

6.2.2 Financial Implications

Council misses the opportunity for a \$1.48m grant towards the car park and the project would incur additional borrowing costs.

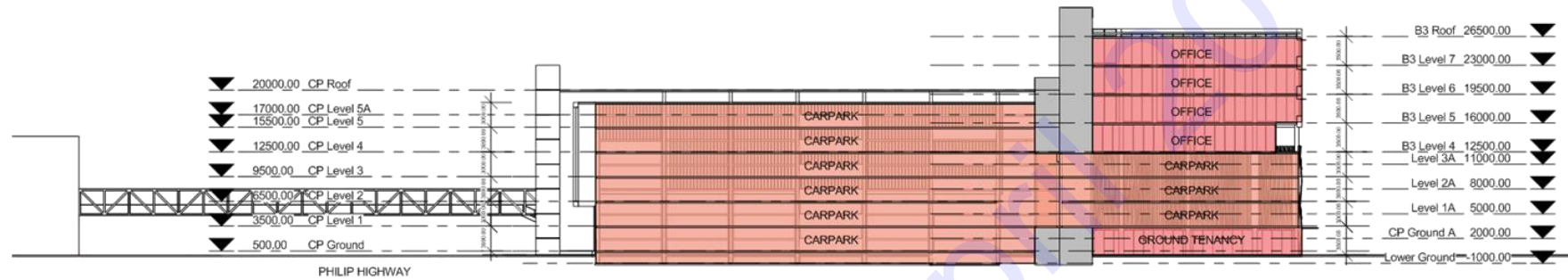
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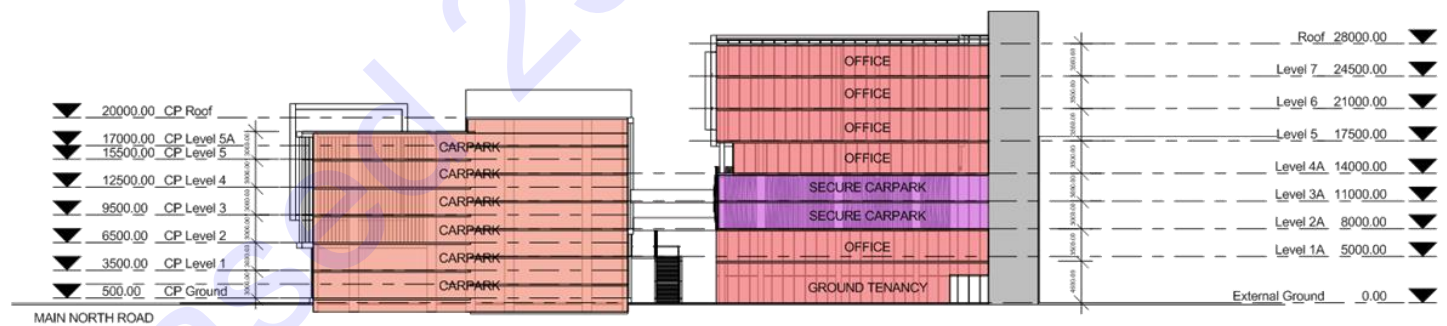
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1488 Playford Office Development
Perspective from South East

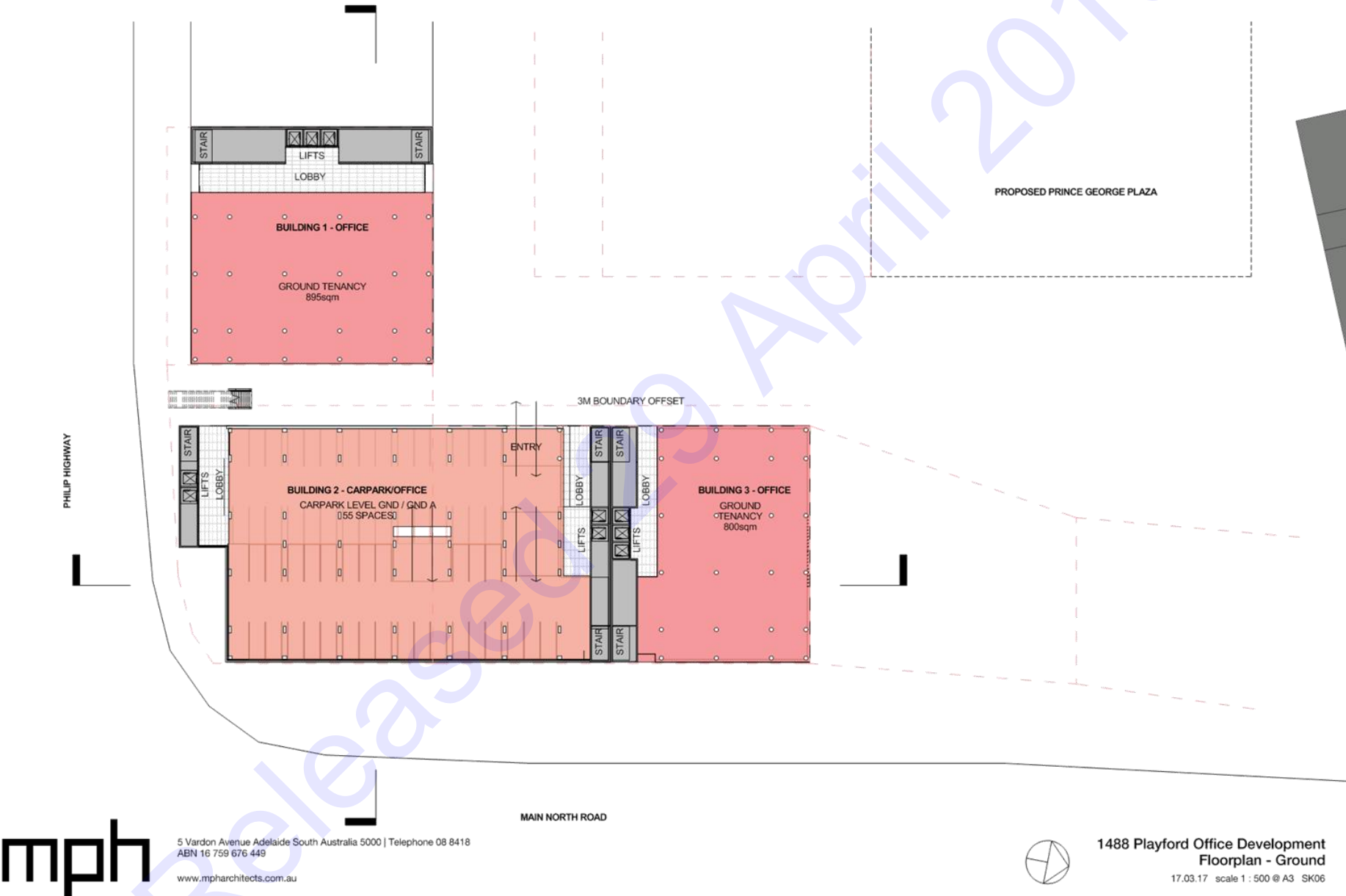
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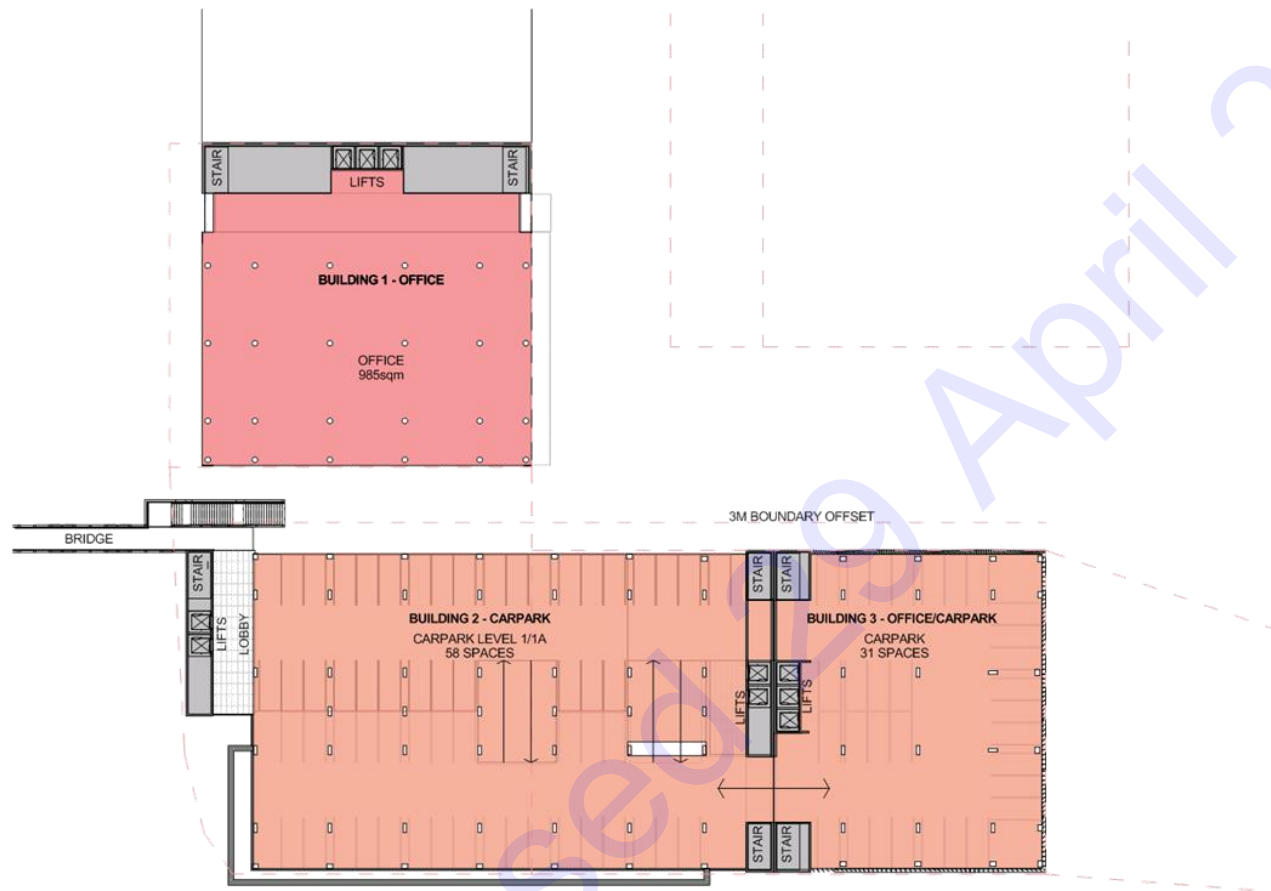


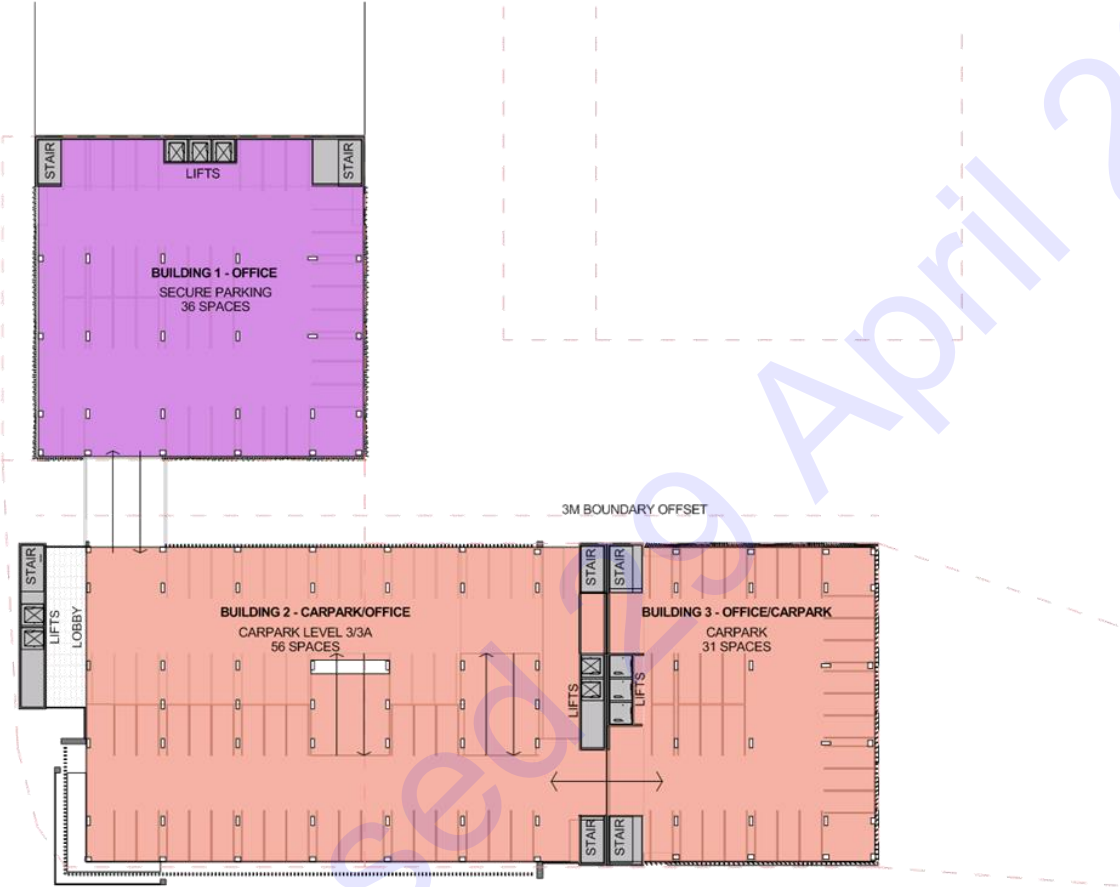
North / South Section
1 : 500

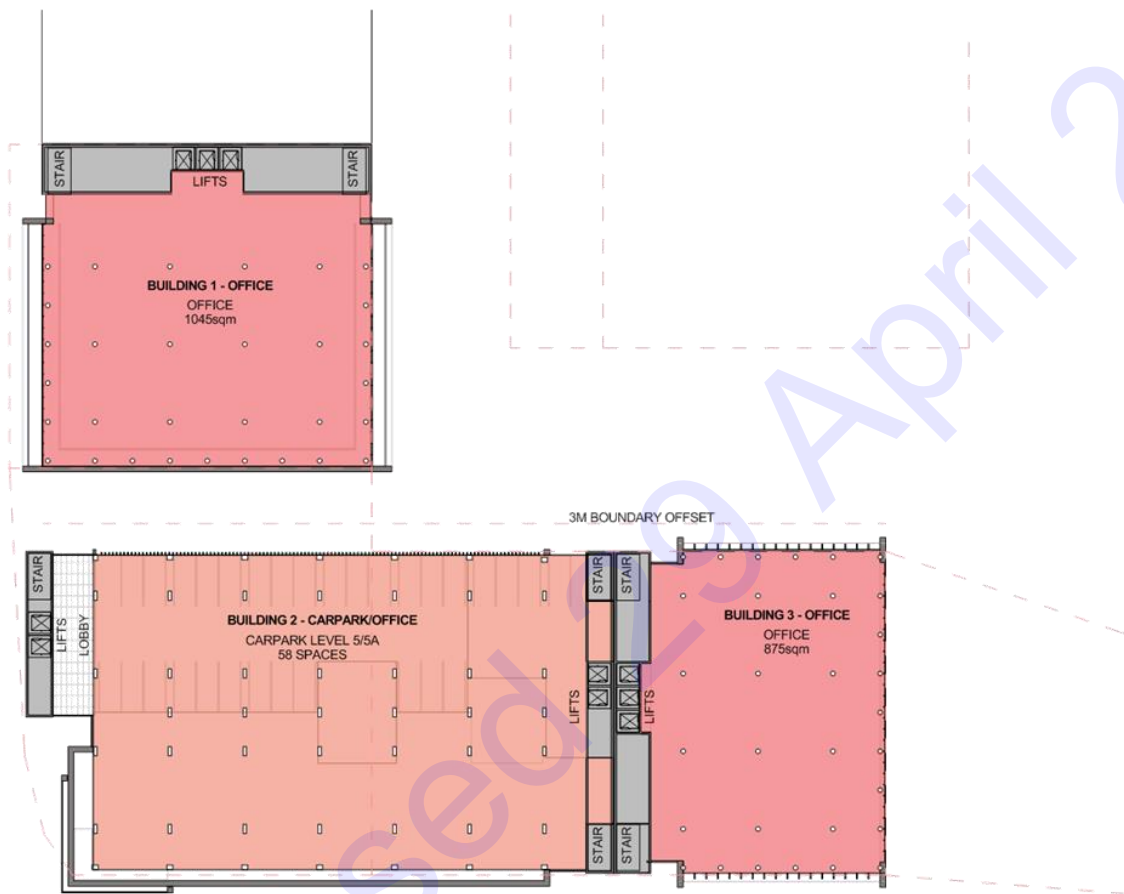


East / West Section
1 : 500









AREA SUMMARY:

BUILDING 1 - OFFICE:

GROUND:	TENANCY	895 sqm
LEVEL 1:	OFFICE	1030 sqm
LEVEL 2:	SECURE PARKING	36
LEVEL 3:	SECURE PARKING	36
LEVEL 4:	OFFICE	985 sqm
LEVEL 5:	OFFICE	1045 sqm
LEVEL 6:	OFFICE	1045 sqm
LEVEL 7:	OFFICE	1045 sqm

GROUND TENANCY	895 sqm
TOTAL PARKING:	72
TOTAL OFFICE:	5150 sqm

BUILDING 2 - CARPARK / OFFICE:

B/L GROUND:	PARKING	18
GROUND:	PARKING	55
LEVEL 1:	PARKING	58
LEVEL 2:	PARKING	56
LEVEL 3:	PARKING	56
LEVEL 4:	PARKING	58
LEVEL 5:	PARKING	58

TOTAL PARKING:	359
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BUILDING 3 - OFFICE:

GROUND:	TENANCY	800 sqm
LEVEL 1:	PARKING	31
LEVEL 2:	PARKING	31
LEVEL 3:	PARKING	31
LEVEL 4:	OFFICE	585 sqm
LEVEL 5:	OFFICE	875 sqm
LEVEL 6:	OFFICE	875 sqm
LEVEL 7:	OFFICE	875 sqm

GROUND TENANCY	800 sqm
TOTAL PARKING:	93
TOTAL OFFICE:	3210 sqm



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1488 Playford Office Development
View from South East

17.03.17 scale @ A3 SK11

City of Playford
Section 48 Prudential Report

Car Park Project

June 2017





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BRM HOLDICH
BUSINESS RESOURCE MANAGEMENT

Level 8, 420 King William Street, Adelaide SA 5000
Tel 08 8168 8400 Fax: 08 8168 8499

ABN: 79 392 957 230

Table of Contents

EXECUTIVE SUMMARY	I
1. INTRODUCTION	1
1.1 Background.....	1
1.2 Rationale	2
1.3 The Project	2
1.4 Legal Framework and Prudential Issues	3
2. RELATIONSHIP WITH RELEVANT STRATEGIC MANAGEMENT PLANS	5
2.1 Strategic Management Plans	5
2.2 The City of Playford	5
2.3 Regional Objectives.....	9
2.4 South Australian State Objectives.....	9
2.5 National Objectives	11
3. OBJECTIVES OF THE DEVELOPMENT PLAN.....	12
3.1 Development Approval.....	12
3.2 Development Zone.....	12
3.3 Approving Authority.....	13
4. ECONOMIC DEVELOPMENT	15
4.1 Contribution to Economic Development.....	15
4.2 Impact on Business in the Proximity	17
4.3 Fair Competition	17
5. COMMUNITY CONSULTATION.....	18
5.1 Level of consultation	18
5.2 Community Influence and Contribution	19
6. FINANCIAL ASSESSMENT	20
6.1 Revenue Production, Revenue Projections and Potential Financial Risks	20
6.2 Recurrent and Whole of Life Costs, Financial Arrangements	22
6.3 Financial Viability	25
6.4 Reliability of assumptions.....	26
7. PROJECT RISKS AND MITIGATION STRATEGIES	27
7.1 Risk Management	27
7.2 Risk Mitigation	28
8. PROJECT DELIVERY	29
8.1 Delivery Mechanism	29
8.2 Procurement Implications	29
9. CONCLUSION.....	32
ATTACHMENT ONE: PLAYFORD CBD PROJECT	34
ATTACHMENT TWO: PROPOSED CAR PARK PROJECT	35
ATTACHMENT THREE: LOCAL GOVERNMENT ACT, 1999 – SECTION 48.....	37

EXECUTIVE SUMMARY

The following report has been prepared in accordance with Section 48 of the Local Government Act which requires a council to consider a report addressing the prudential issues set out in subsection 2 of the Act before engaging in a project where the expected capital cost over the ensuing five years is likely to exceed \$4 million.

The creation of a CBD of the North is the overarching project to reposition Elizabeth as South Australia's northern CBD, by using its own land and a mix of Council and government funding to stimulate private investment. This is currently being initiated through the Playford CBD Project: Stage One which identified three Phases. Phase One is currently underway, this involves the creation of the land sub-division into allotments and the development of the infrastructure to support the CBD. Phase Two is the construction of a new Grenville Community Centre, 987m² of commercial space and 60 community housing apartments; and Phase Three is the construction of a multi-deck carpark, which was identified to be undertaken by Council and the private sector.

The Playford CBD Project: Stage One has had the desired effect of attracting investment into northern Adelaide producing a number of large development proposals which has created a demand to bring forward the proposed Phase Three works to construct a six storey multi-deck car park at a cost of \$7.4 million (the Car Park Project).

Relationship with Strategic Management Plans

The Playford CBD Project: Stage One is consistent with the Playford Community Vision 2043 and the Strategic Plan; it is specifically identified as a Lighthouse Project for Strategy 3 within the Strategic Plan, with the Car Park Project being an integral component of Stage One. The Playford CBD Project: Stage One is advancing a number of state priorities and targets. The support of the Commonwealth Government has been demonstrated in the form of a \$2.752 million grant received under the National Stronger Regions Fund for Stage One.

The Annual Business Plan and Budget 2016/17, is contained within the Strategic Plan Delivery Program 2016/17 – 2018/19, although there is no specific financial provision for the Project, the multi-deck car park is targeted to be well underway by June 2019. If Council resolves to proceed with the Project then provision should be made in the Annual Business Plan and Budget 2017/18. Consistent with current practice once a decision has been taken to proceed with a project of this nature the Playford Long Term Financial and Asset Management Plans will require amendment to reflect the change in the operating cost base of Council, arising from the construction, operation and future maintenance of the car park.

Objectives of the Development Plan

The Car Park Project is located in the Regional Centre Zone. The form of development is generally consistent with the objectives, identified land use and principles of development control for the Zones. Development should be referred to the Development Assessment Commission for approval under the Playford Development Plan.

Contribution to Economic Development

The Playford CBD Project: Stage One is the foundation of a vibrant CBD of the North, it is expected to provide a positive contribution to economic development in the local area through the associated construction activity, the increase in capacity for the region through the provision of high quality office and retail space which is currently considered to be lacking; and potential on-going employment opportunities arising from the increase in capacity for white collar and retail positions in the development.

The economic activity from the construction phase of the Car Park Project is forecast to have a positive economic impact in the region, generating economic output of over \$16.3 million. The Car Park Project is estimated to have an impact of up to 43 jobs through direct, industrial and consumption effects.

There are no privately owned car parks charging for parking in the vicinity of the proposed Project, therefore the Project will not impact on related businesses in the area nor will it hinder competition. In fact, the Project is likely to have a positive impact on businesses operating in the area by increasing accessibility through the provision of parking spaces.

Community Consultation

Consultation on the Playford CBD Project: Stage One has been undertaken within the consultation for the CBD of the North Project and as part of the Playford Strategic and Annual Business planning processes. The community is therefore considered to have been provided with the opportunity to influence the Car Park Project and will be afforded further opportunities to do so during the development assessment process.

Financial Issues

The Project is expected to generate revenue from parking fees and third party advertising from one or more digital billboards to be located on the exterior of the car park building.

The capital cost of the Project is to be funded by Playford offset in part by a State Local Government Infrastructure Partnership Grant of \$1.480 million. The Playford contribution is expected to be loan funded with the proceeds from the sale of land within the Northern CBD precinct used to reduce the debt relating to the Project over time.

Whole of life costs relating to the Project of \$8.932 million have been identified. This is based on a number of assumptions including offsetting the revenue expected to be generated by the Project against all assumed costs including depreciation, interest and outgoings.

While the Car Park Project on its own is expected to result in a financial outlay for Council over the whole of life, the Project will provide necessary infrastructure to support the overall development of the CBD of the North which over time is expected to increase Council income, in excess of the whole of life cost, from a range of sources including Council rates.

Risk Issues

Playford has prepared a risk assessment for the Car Park Project using the Playford Risk Assessment template. A total of 17 risks were identified and assessed, two of which were rated as Extreme. A risk owner has been assigned to each risk and mitigation strategies have been identified and documented for all of the risks. Playford should ensure that the mitigation strategies identified for the risks associated with the Car Park Project are implemented and that these are progressively updated as the Project is implemented.

Project Delivery

Playford has identified and implemented appropriate procurement arrangements for the delivery of the Car Park Project to date, consistent with the Playford Procurement Policy.

Playford has also identified that Project construction works will be procured by an Open Tender process, which, given the value of the works involved, is consistent with the Playford Procurement Policy.

1. INTRODUCTION

1.1 Background

- 1.1.1 The South Australian Government 30 Year Plan for Greater Adelaide designates Elizabeth as Adelaide's northern CBD and a Regional Activity Centre.
- 1.1.2 The City of Playford (Playford) has committed to ensuring that Elizabeth will secure its place as the CBD of the North: the place to go for retail, arts and entertainment, commerce, government and social services, sport, health, education and training. This concept was endorsed by Council on 27 August 2013 and is encapsulated as a Lighthouse Project within the Playford strategic planning documents.
- 1.1.3 The proposed development of a northern CBD is intended to provide tertiary level commercial, retail, recreation, social and health services and facilities. This development will assist to enhance the image and reputation of Playford by capitalising on the growth and renewal to make the City an attractive and happy place to live, work and play.
- 1.1.4 The concept designs include high density, multi-storey buildings incorporating hotels, convention and major events facilities, serviced and residential apartments, office space and people friendly streets.
- 1.1.5 This development will assist to transform the Elizabeth Regional Centre from that which is predominantly single use and car dominated, into a mixed use, vibrant, transit oriented development.
- 1.1.6 The northern CBD development consists of 12 allotments, with a total area of over 21,500m², as shown in Attachment One.
- 1.1.7 Given the scale of the overall project, development is expected to occur over a number of years with the development of Stage One to occur in three Phases.
- 1.1.7.1 Phase One: Civil and Infrastructure is currently underway and is scheduled for completion by September 2017. This Phase provides the underpinning essential infrastructure and services to the site and includes the creation of new roads and improved streetscapes, enhanced civic places and the acquisition of land from the Shopping Centre.
- 1.1.7.2 Phase Two: Grenville Centre Development is a mixed use development to be undertaken on Allotment 3, which consists of the proposed 1,240m² Grenville Community Centre on the ground floor with 60 apartments across four levels above.
- 1.1.7.3 Phase Three: Multi-deck carpark on Allotment 4 was initially planned as a four storey multi-deck car-park with provision for 261 spaces to minimise at grade car parking and to free up land for development. The car park was originally planned to provide a free service for the adjacent shopping centre and the proposed development. However, it is now proposed to limit free car parking to three hours with a minimal charge to be applied thereafter.

City of Playford
Car Park Project – Section 48 Report



1.1.8 Phases Two and Three of Stage One were expected to act as a catalyst for the development of the remaining allotments by the private sector. However, a number of large development proposals have been received creating a need for Playford to consider bringing forward the construction of a multi-deck car park to facilitate an efficient car parking solution. These development proposal include the following.

1.1.8.1 The Playford Medical Hub, a private medical centre and professional offices to be developed on Allotment 5 at an estimated value of \$21 million.

1.1.8.2 A new office building for Families SA to be developed on Allotment 6.

1.1.8.3 The proposed Playford Arena ice sports and indoor rock climbing centre to be developed on Allotment 12.

1.2 Rationale

1.2.1 The Playford Community Vision 2043 is:

"Playford is the City of Opportunity, supporting the community's hopes and aspirations to be vibrant, thriving and sustainable. It provides an enviable lifestyle that is connected, healthy, happy, ambitious and proud, where each individual can take advantage of the many opportunities offered, making the City prosperous, liveable and happy."

1.2.2 The Playford Strategic Plan articulates that the long term vision of the Council area rests in its ongoing revitalisation and growth and for the northern region to become a dynamic and exciting location in which to live and invest.

1.2.3 Creating a CBD of the North at Elizabeth would be transformational in terms of the vibrancy derived from the undoubted and demonstrable economic activity that will be generated from the construction and employment activity associated with the proposed development. It is however the potential for economic diversity through increased employment opportunities and greater retail activity that will be created from the infrastructure that is to be developed that will be the lasting legacy.

1.2.4 The Playford CBD development would assist Playford to advance the aspirations contained in the Community Vision.

1.3 The Project

1.3.1 Stage One of the development of a northern CBD is planned to occur in three phases each of which provides a hold point for Council to determine whether to proceed or otherwise with the future phases. Phase One of Stage One is underway, creating the land sub-division into allotments and the development of the infrastructure to support the CBD.

1.3.2 Phase Three of Stage One is the construction of a six storey multi-level car park on the northern corner of Main North Road and Philip Highway with capacity for 360 cars at an estimated cost of \$7.4 million (Car Park Project). The proposed design will also enable the addition of two more levels in the future if required. Attachment Two shows the Car Park Project.

1.4 Legal Framework and Prudential Issues

- 1.4.1 Playford has adopted a Prudential Management Policy that seeks to outline Council's approach towards prudential management and to meet the requirements of the Act.
- 1.4.2 The Policy articulates that Playford undertakes prudential management for major capital projects to ensure that it acts with due care, diligence and foresight, identifies and manages risk associated with projects, makes informed decisions and is accountable for the use of public resources. Further, that prudential management commences prior to making a decision to proceed with a major project and continues on throughout the life of the project.
- 1.4.3 This report has been prepared to meet the requirements of Section 48 of the Local Government Act 1999 (Act), this section is reproduced in full as Attachment Three. The Car Park Project meets certain criteria specified in Section 48 (1) (b) (ii) that requires Council to consider a report addressing the prudential issues set out in subsection 2, namely that the expected capital cost of the project over the ensuing five years is likely to exceed \$4 million. We note that the \$4.00 million threshold in Section 48 (1) (b) (ii) is indexed by CPI from a September 2009 base year. As at the date of this report, the relevant threshold is \$4.628 million.
- 1.4.4 The prudential issues identified in Section 48 are:
- (a) *the relationship between the project and relevant strategic management plans;*
 - (b) *the objectives of the Development Plan in the area where the project is to occur;*
 - (c) *the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;*
 - (d) *the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;*
 - (e) *if the project is intended to produce revenue, revenue projections and potential financial risks;*
 - (f) *the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;*
 - (g) *the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;*
 - (h) *any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);*
 - (i) *the most appropriate mechanisms or arrangements for carrying out the project."*

City of Playford
Car Park Project – Section 48 Report



- 1.4.5 The Playford Prudential Management Policy requires the report to contain information on the following:
- 1.4.5.1 The reliability of calculated revenues or costs;
 - 1.4.5.2 Any assumptions made;
 - 1.4.5.3 A sensitivity analyses on a best case, worst case and most likely outcome assuming the parameters used;
 - 1.4.5.4 The impact on the Council's long term financial position; and
 - 1.4.5.5 The proposed frequency of ongoing prudential reporting to Council through the life of the project.
- 1.4.6 BRM Holdich has been engaged by the City of Playford to prepare a report to satisfy the requirements of Section 48 and the Prudential Management Policy.

2. RELATIONSHIP WITH RELEVANT STRATEGIC MANAGEMENT PLANS

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

- (a) *the relationship between the project and relevant strategic management plans;*

2.1 Strategic Management Plans

2.1.1 Section 122 of the Act requires a council to develop and adopt strategic management plans; these are required to incorporate the extent to which a council's objectives are related to regional, State and national objectives.

2.1.2 For the purposes of this report the relationship between the Project and the following documents and plans is considered relevant.

2.1.2.1 City of Playford

- (a) Playford Community Vision 2043;
- (b) Strategic Plan 2016 – 2020, version 2, updated July 2016;
- (c) Strategic Plan Delivery Program 2016/17 - 2018/19 inclusive of Annual Business Plan and Budget 2016/2017;
- (d) Long Term Financial Plan 2016/17 - 2025/26; and
- (e) Asset Management Plans 2016/17.

2.1.2.2 Regional

- (a) Northern Economic Plan.

2.1.2.3 South Australian State Government

- (a) South Australian Strategic Plan;
- (b) Seven Strategic State Priorities; and
- (c) 30 Year Plan for Greater Adelaide.

2.1.2.4 Commonwealth Government

- (a) National Stronger Regions.

2.2 The City of Playford

2.2.1 Playford Community Vision

2.2.1.1 The Playford Community Vision 2043 is an articulation of the community's collective values and vision for how Playford will look and feel in 30 years.

City of Playford
Car Park Project – Section 48 Report



- 2.2.1.2 The Community Vision is aspirational in nature and has been developed in reference to key State Government and Council strategic policies and plans; it established key themes of prosperity, liveability and happiness as the means of achieving the vision of Playford being the City of Opportunity.
- 2.2.1.3 The Car Park Project provides important infrastructure which will assist Playford to achieve its ambitions to become the CBD of the North, which in turn will enhance the liveability of Playford and add to the economic vibrancy of the area, increasing local employment opportunities consistent with the aspirations for prosperity and liveability.
- 2.2.1.4 The Car Park Project is an integral part of the Playford CBD Project: Stage One, which is underway, and is considered to be closely aligned to the Community Vision 2043.

2.2.2 Strategic Plan

- 2.2.2.1 The Playford Strategic Plan articulates the following five long term strategies to describe Council's overarching direction and priorities:
 - (a) Strategy 1 - Our Foundations - services, city presentation and community pride.
 - (b) Strategy 2 - Securing Playford's future and building value.
 - (c) Strategy 3 - Elizabeth, Adelaide's Northern CBD.
 - (d) Strategy 4 - Securing Playford's position in the global economy.
 - (e) Strategy 5 - Building our capabilities.
- 2.2.2.2 To deliver progress against its five long term strategies, Council has identified six Smart Programs to focus its efforts in the next four years. The "Smart CBD" is one of the identified Smart Programs, this directly relates to Council's long term strategy for the re-development and expansion of the Elizabeth Regional Centre.
- 2.2.2.3 The Strategic Plan states that 'in the next four years we will undertake the development of Prince George Plaza as well as an associated multi-storey carpark to service the expanding CBD'.
- 2.2.2.4 The Car Park Project, as an important component of the Playford CBD Project: Stage One, is an integral part of the Playford Strategic Plan.

2.2.3 Annual Business Plan and Budget

- 2.2.3.1 The Playford Annual Business Plan and Budget for 2016/17 is included within the Strategic Plan Delivery Program 2016/17-2018/19 document, which builds on the Community Vision 2043, Strategic Plan and Northern Economic Plan to articulate what Council will do over the three year period to progress its strategic plans.

City of Playford
Car Park Project – Section 48 Report



- 2.2.3.2 The CBD of the North was ranked as the second highest priority by Council, behind only the Lyell McEwin Health Precinct, of all of the Lighthouse Projects within the document.
- 2.2.3.3 Although there is no specific financial provision for the Project within the current Annual Business Plan and Budget, the multi-deck car park is targeted to be well underway by June 2019.
- 2.2.3.4 If Playford resolves to proceed with the Car Park Project it should make specific financial provisions to do so within the next Annual Business Plan and Budget.

2.2.4 Long Term Financial Plan

- 2.2.4.1 The Playford Long Term Financial Plan (LTFP) focuses on ensuring Council can deliver services, maintain assets and achieve its strategic objectives in a financially sustainable manner.
- 2.2.4.2 The LTFP is updated annually to incorporate changes in external factors such as government policy decisions, global economic pressures and internal factors including the Council's Continuous Improvement program and changes in policy.
- 2.2.4.3 The LTFP includes major developments and community services that link to the delivery of the objectives within the Playford Community Vision 2043 and the Strategic Plan.
- 2.2.4.4 The current draft LTFP covering the period 2017/18 to 2026/27 provides for capital expenditure on new and enhanced assets of \$48.4 million over the 10 year period including \$0.2 million for the Northern CBD.
- 2.2.4.5 The LTFP does not contain provision for the Car Park Project, rather it contains a sensitivity analysis for a number of investment decisions totalling \$36.6 million, which relate to the following five key projects for the Northern CBD:
 - (a) Northern CBD Carpark.
 - (b) Northern CBD Office Building.
 - (c) Northern CBD Smart City Infrastructure.
 - (d) Northern CBD Grenville Centre redevelopment.
 - (e) Main North Road Median Strip Upgrade.
- 2.2.4.6 The financial projections contained within the sensitivity analysis scenario include the key projects, future land sales and additional rate revenue from potential investments and additional borrowings. This provides an indication of the Council's possible direction and financial capacity rather than predicting the future financial performance and position of the Council.

City of Playford
Car Park Project – Section 48 Report



The impact of this scenario on key financial indicators is shown in Figure One.

Figure One: Impact of Northern CBD investment decisions on LTFF

Long Term Financial Plan 2017/18	Current 2016/17	Year 1 2017/18	Year 2 2018/19	Year 3 2019/20	Year 4 2020/21	Year 5 2021/22	5 Year Average	10 Year Average
	%	%	%	%	%	%	%	%
Operating Result Ratio (0-10%)	0.6%	(2.6%)	(3.6%)	(2.7%)	(0.2%)	1.1%	(1.6%)	0.7%
Cash Flow From Operations Ratio (90-110%)	91.8%	60.9%	68.6%	76.1%	90.9%	100.8%	79.4%	101.0%
Asset Sustainability Ratio (90-110%)	89.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Net Financial Liabilities Ratio (50-160%)	149.9%	174.6%	203.4%	192.3%	181.6%	171.6%	184.7%	161.3%
Interest Expense Ratio (3-10%)	6.1%	7.6%	9.4%	11.8%	10.0%	8.2%	9.4%	7.4%

2.2.4.7 Figure One shows that:

- the Operating Result Ratio would be outside the target range until year five;
- Cash flow from operations moves within the target range from year four onwards;
- the net financial liabilities ratio remains high but then gradually decreases, although it remains outside the target range; and
- Council's Interest Expense ratio moves outside the range of 10% in year three but is within the ratio limits for the remainder of the life of the LTFF.

2.2.4.8 Funding for the Playford CBD Project: Stage One is to be derived in part from land sales and from third party involvement in the development. The Car Park Project is proposed to be funded through borrowings which would be repaid from the sale of various allotments within the Stage One precinct.

2.2.4.9 The proposed Car Park Project works are estimated to have the following Operating Cost impacts over the 10 year period from 2017/18 onwards.

Item	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Depreciation	193,000	193,000	193,000	193,000	193,000	193,000	193,000	193,000	193,000	193,000
Outgoings ¹	307,000	315,289	323,802	341,523	350,744	360,217	369,940	379,929	390,187	400,722
Total	500,000	508,289	516,802	525,544	534,523	543,744	553,214	562,940	572,929	583,187

¹ Outgoings include CPI at 2.7%

2.2.4.10 Once Council has determined whether to proceed with the Project, or not the LTFF will require amendment to reflect any amounts to be borrowed, the forecast timing of the sale of allotments and the increase in Operating Cost provisions.

2.2.5 Asset Management Plans

- 2.2.5.1 Playford owns and is responsible for the management, operation and maintenance of a diverse asset portfolio that provides services and facilities to the community.
- 2.2.5.2 Asset Management Plans have been developed to ensure that Council continues to provide effective and comprehensive management of its asset portfolios. These assets are grouped under headings of Transportation, Stormwater, Footpaths, Buildings, Parks and Recreation, Information Technology and Fleet.
- 2.2.5.3 The Car Park Project involves the construction of a new building asset which would need to be included in future versions of the Playford Asset Management Plans.
- 2.2.5.4 The Asset Management Plan - Buildings will need to be amended to reflect the ownership of the multi-deck car park. The depreciation and out-goings for this asset have been projected at \$5.401 million for the 10 year period after operations commence.

2.3 Regional Objectives

- 2.3.1 The Northern Economic Plan is a blueprint for a prosperous northern Adelaide, focused on creating jobs and empowering local communities.
- 2.3.2 The Plan was created by partners from state and local government (the cities of Playford, Salisbury and Port Adelaide Enfield) who have worked closely with industry and business, and education and community organisations.
- 2.3.3 The Plan identifies that the highest projected growth in employment during the next five years will be in health care and social assistance; education and training; accommodation and food services; retail; professional, scientific and technical services; and transport, postal and warehousing.
- 2.3.4 Whilst each of the three northern Adelaide councils is moving forward with plans to redevelop their city centres, the Car Park Project will create infrastructure which will assist Playford to position itself as a more attractive destination for employers operating in these sectors.

2.4 South Australian State Objectives

- 2.4.1 The South Australian Strategic Plan
 - 2.4.1.1 The South Australian Strategic Plan is built on six pillars and identifies a number of targets. Table One shows the relationship between the Playford CBD Project Stage One and the goals and targets in the State Strategic Plan.
 - 2.4.1.2 It would be difficult to achieve the desired outcomes from Stage One without undertaking the Car Park Project.

City of Playford
Car Park Project – Section 48 Report



Table One: The Playford CBD Project: Stage One Alignment with the State Strategic Plan

Relevant State Pillar	State Goals and Targets Advanced
Our Community	<p>Goal: We are committed to our towns and cities being well designed, generating great experiences and a sense of belonging.</p> <p>Target 1 Urban Spaces</p> <p>Goal: New developments are people friendly, with open spaces and parks connected by public transport and bikeways.</p> <p>Target 56 Strategic infrastructure</p> <p>Goal: We have a sense of place, identity, belonging and purpose.</p> <p>Target 23 Social Participation</p> <p>Goal: Governments demonstrate strong leadership working with and for the community.</p> <p>Target 32: Customer and client satisfaction with government services</p>
Our Environment	<p>Goal: We reduce our greenhouse gas emissions.</p> <p>Target 61: Energy efficiency – government buildings</p>
Our Prosperity	<p>Goal: We develop and maintain a sustainable mix of industries across the state</p> <p>Target 4: Tourism Industry</p>

2.4.2 30 Year Plan for Greater Adelaide

- 2.4.2.1 The State Government's broad vision for sustainable land use and the built development of the state is outlined in the Planning Strategy. The relevant volume of the Planning Strategy for this Development Plan is the 30-Year Plan for Greater Adelaide (February 2010). A Draft update of the 30 Year Plan was released for consultation in August 2016.
- 2.4.2.2 The alignment of the Project with both the current version and the draft update has been considered.
- 2.4.2.3 The 30 Year Plan has three key objectives all of which appear relevant to the Playford CBD Project: Stage One, these are:
- (a) maintain and improve liveability;
 - (b) increase competitiveness; and
 - (c) drive sustainability and resilience to climate change.
- 2.4.2.4 The Plan also references the importance of revitalising higher order activity centres which includes the Playford CBD.

City of Playford
Car Park Project – Section 48 Report



- 2.4.2.5 The updated 30 Year Plan (Living Adelaide) builds on the existing 30 Year Plan by defining 14 Principles and areas of focus. These Principles flow into a number of policy targets. The Car Park Project helps to progress the following updated 30 Year Plan principles.
- (a) Transit Corridors, Growth Areas and Activity Centres by increasing the prospect of residential and mixed use development within the development area.
 - (b) Economy and Jobs by supporting economic development in the development area and unlocking opportunities for private investment.
- 2.4.2.6 However, the Car Park Project could be seen hindering policy 76 in the 30 Year Plan relating to reducing car parking requirements by promoting alternative modes of transport.

2.5 National Objectives

- 2.5.1 The National Stronger Regions Fund (NSRF) is a Commonwealth Government programme which aims to promote economic development in Australia's regions. The Commonwealth Government is providing \$1 billion over five years, commencing in 2015-16, to fund priority infrastructure in local communities.
- 2.5.2 The desired outcomes of the programme are:
- improved level of economic activity in regions;
 - increased productivity in the regions;
 - increased employment and a more skilled workforce in regions;
 - increased capacity and improved capability of regions to deliver major projects, and to secure and manage investment funding;
 - improved partnerships between local, state and territory governments, the private sector and community groups; and
 - more stable and viable communities, where people choose to live.
- 2.5.3 Given that Playford has already received funding under the NSRF for the Playford CBD Project: Stage One, the Car Park Project, as an important component of Stage One, is aligned to the National Stronger Regions objectives.

3. OBJECTIVES OF THE DEVELOPMENT PLAN

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

(b) *the objectives of the Development Plan in the area where the project is to occur;*

3.1 Development Approval

3.1.1 Development in Playford is governed by the Development Plan - Playford Council, pursuant to Section 33 of the Development Act 1993 and the associated Development Regulations 2008. The current version of the Development Plan is dated as consolidated on 21 April 2016.

3.1.2 The Development Plan outlines what sort of developments and land use are and are not envisaged for particular zones and various objectives, principles and policies further controlling and affecting the design and other aspects of proposed developments. As such, the Development Plan covers matters including zoning issues, building appearance and neighbourhood character, land division, building siting and setbacks and environmental guidelines.

3.1.3 The Development Plan is structured into Sections, as follows.

- General, containing general policy that applies across the council area and relates to a range of social, environmental, and economic development issues. These issues establish the development standards that apply to all forms of development and provide a yardstick against which the suitability of development proposals is measured.
- Zones, these provisions give greater certainty and direction about where certain forms of development should be located and identifies generally envisaged forms of development. The objectives and design requirements for development in the particular area are also expressed.
- Tables that list the conditions which are applicable to complying development, numeric values for setbacks from road boundaries and car parking rates for certain types of development. Conditions for complying development are grouped into their respective tables.
- Mapping, showing the broad distribution of land uses and movement patterns throughout the council area.

3.1.4 The Car Park Project will constitute development and in accordance with the Development Act would require approval.

3.2 Development Zone

3.2.1 The Car Park Project is located in the Regional Centre Zone.

3.2.2 The Regional Centre Zone has eight objectives, most of which are of relevance for the Car Park Project. The objectives of the Development Zone are as follows.

City of Playford
Car Park Project – Section 48 Report



- 1 A centre representing the primary focus for business and commercial services for the region, outside the central business district of Adelaide, providing a full range of shopping, administrative, cultural, community, entertainment, education, religious and recreational facilities, and public and private office development.
- 2 A regional centre that is the primary focus of employment and economic activity in the northern region of Adelaide.
- 3 A readily identifiable centre that displays a high level of urban design qualities related to the height, size, and disposition of buildings to complement public and private spaces.
- 4 A centre providing a focus for public transport interchanges and networks.
- 5 Development of a visually and functionally cohesive and integrated regional centre.
- 6 Development within the zone that implements the elements of environmental sustainability, sense of place, attractiveness and design creativity.
- 7 Urban open spaces within the zone which provide a formal landscaped setting, incorporating water sensitive design within the centre.
- 8 A zone developed in accordance with Concept Plan Maps Play/12 - Playford Regional Centre and Play/13 - Playford Regional Centre Philip Highway Built Form.

3.2.3 The envisaged Land Use of the Car Park Project is considered to be consistent with the objectives of the development zone.

3.3 Approving Authority

3.3.1 Pursuant to the Development Act 1993, a Council can make decisions on certain kinds of applications where the Council is the applicant subject to Schedule 10 of the Development Regulations 2008.

3.3.2 However, in circumstances where development is to be undertaken by a Council, and there is potential for a perception of bias or conflict, there is provision under the Development Act 1993, to refer the application to the Minister for Planning with a request for a determination that the Development Assessment Commission is the relevant authority, pursuant to Section 34(1)(b)(iii) of the Act, which reads:

“Subject to this Act, the relevant authority, in relation to a proposed development, is ascertained as follows:

(iii) the Minister, acting at the request of a council or regional development assessment panel, declares, by notice in writing served personally or by post on the proponent, that the Minister desires the Development Assessment Commission to act as the relevant authority in relation to the proposed development in substitution for the council or regional development assessment panel (as the case may be) then the

City of Playford
Car Park Project – Section 48 Report



Development Assessment Commission is, subject to subsection (2), the relevant authority.”

The Minister can either accede to the request and determine that the Development Assessment Commission is the relevant authority, or could decline the request and refer the application back to Council for determination.

- 3.3.3 There is also provision under Schedule 10 to refer development valued at over \$3 million and of economic State significance to the State Coordinator-General for assessment. Council should seek the advice of the State Government to determine the most appropriate approval process.

4. ECONOMIC DEVELOPMENT

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

- (c) *the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;*

4.1 Contribution to Economic Development

4.1.1 Economic development can be defined as efforts that seek to improve the economic well-being and quality of life for a community by creating and/or retaining jobs and supporting or growing incomes and the tax base.

4.1.2 The contribution to economic development of the local area from the Car Park Project will primarily come from the \$7.4 million in capital expenditure. However, there are also economic and employment multiplier benefits to the broader economy from the economic activity generated during the construction phase of the Car Park Project.

4.1.2.1 The economic impact assessment undertaken to identify the potential jobs and incomes that may be associated with the Car Park Project is based on a measure of the value added and employment associated with the investment. This is consistent with the predominant measure of national economic activity, Gross Domestic Product.

4.1.2.2 The expenditures associated with this development will have direct economic effects, indirect effects of related purchases in the broader economy and induced effects of spending on goods and services by the employees of the companies providing goods and services to the Car Park Project development.

4.1.3 These multiplier effects were analysed for the Playford CBD Project Stage One by the City of Onkaparinga (whose economic characteristics are very similar to Playford) using Input-Output methodology, a common tool for measuring secondary and tertiary economic effects. The construction multipliers used for that analysis have been applied to the Car Park Project although given the less intensive construction the economic impact may be overstated. Based on these economic multipliers the impact of the expenditure associated with the Car Park Project has been estimated to have the following impact.

4.1.4 Total output from the Car Park Project, including all direct, industrial and consumption effects is estimated to increase by up to \$16.3 million. This represents a Type 2 Output multiplier of 2.212 and is comprised of the following.

4.1.4.1 The total value of the construction investment of \$7.4 million.

4.1.4.2 A rise of \$6.8 million in the demand for intermediate goods and services from a direct increase in output from the construction investment, including the flow on effects as demand for local goods and services increases.

City of Playford
Car Park Project – Section 48 Report



- 4.1.4.3 The consumption effects from the creation of jobs in the economy arising from the increases in direct and indirect output which are estimated to be \$2.1 million.
- 4.1.5 Based on the Car Park Project estimated capital expenditure the construction output should result in an increase of up to 42 jobs from a Type 2 employment multiplier of 4.371, as detailed below.
- 4.1.5.1 The direct effect is estimated to create up to 10 jobs.
- 4.1.5.2 The indirect or flow on effect is estimated to result in the gain of a further 23 jobs.
- 4.1.5.3 The consumption effect is estimated to boost employment by 10 jobs.
- 4.1.6 The estimated impact on wages and salaries is by up to \$2.8 million, representing a Type 2 multiplier of 3.422, the components are detailed below.
- 4.1.6.1 The increase from the direct effect is estimated at \$0.8 million.
- 4.1.6.2 The indirect or flow on effect is estimated at \$1.5 million, which represents a Type 1 Wages and Salaries multiplier of 2.809.
- 4.1.6.3 The consumption effects under this scenario are expected to further boost employment in sectors such as retail therefore further increasing wages and salaries by an estimated \$0.5 million.
- 4.1.7 The impact on value added is estimated to increase by up to \$5.7 million, this represents a Type 2 Value-added multiplier of 3.101 and is comprised of the following.
- 4.1.7.1 A direct impact of \$1.8 million.
- 4.1.7.2 An indirect or flow-on effect in terms of local purchases of goods and services are anticipated of \$2.7 million, this represents a Type 1 Value-added multiplier of 2.459.
- 4.1.7.3 A consumption effect of \$1.2 million, as a proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure is captured in the local economy.
- 4.1.8 The economic impact of the Car Park Project: is summarised in Table Two.

Table Two: Car Park Project: Economic and Employment Benefits

Impact	Direct	Indirect	Consumption	Total
Output (\$M)	7.4	6.8	2.1	16.3
Employment (Jobs)	10	23	10	43
Wages and salaries (\$M)	\$0.8	\$1.5	\$0.5	\$2.8
Value-added (\$M)	\$1.8	\$2.7	\$1.2	\$5.7

- 4.1.9 Apart from the economic activity that will be generated from the construction and employment associated with the Car Park Project, the Playford CBD Project: Stage One overall will provide the underpinning infrastructure to assist in the diversification of the local economy providing increased employment opportunities and greater retail activity that will be created from the infrastructure that is to be developed.

4.2 Impact on Business in the Proximity

- 4.2.1 There are no privately owned car parks charging for parking in the vicinity of the proposed Project, therefore the Project will not impact on related businesses in the area nor will it hinder competition.
- 4.2.2 In fact, the Project is likely to have a positive impact on businesses operating in the area by increasing accessibility through the provision of parking spaces.

4.3 Fair Competition

- 4.3.1 Following the construction phase of the Car Park Project the operation of a car park could be considered to be a commercial business undertaking.
- 4.3.2 If Playford is to be the operator of this asset then it would need to assess at the time whether their operations of the facilities constituted a “significant business activity” in accordance with the Clause 7 Statement of the Competition Principles Agreement and the Government Business Enterprises (Competition) Act 1996 which provides the framework for implementing National Competition Policy by local government entities in South Australia.
- 4.3.3 If Playford was the operator of the car park and it was considered to constitute a significant business activity deemed to be significant within the definitions of Clause 7 then Playford would need to give consideration to whether competitive neutrality principles will need to be applied to their operations.
- 4.3.4 Competitive neutrality is about ensuring that the significant business activities of publicly owned entities compete fairly in the market.
- 4.3.5 The application of competitive neutrality principles is about transparent cost identification and pricing in a way which removes or neutralises the net cost advantages arising from public ownership when compared to private sector operators, these principles do not apply to those activities which are non-business, or non-profit activities.
- 4.3.6 When the assets are constructed and if Playford determines to operate them it must assess whether the operations of the facilities constitute a significant business activity and if so whether the competitive neutrality principles should be applied.

5. COMMUNITY CONSULTATION

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

- (d) *the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;*

5.1 Level of consultation

- 5.1.1 Playford has a Public Consultation Policy adopted 10 December, 2013 to ensure a planned and consistent approach to public engagement (consultation).
- 5.1.2 The Car Park Project is part of the Playford CBD Project: Stage One which forms part of the CBD of the North project. The CBD of the North project has been the subject of extensive public consultation through the process of adopting the Playford Strategic Plan.
- 5.1.3 Further consultation has occurred through the process of adopting the Annual Business Plan and Budget for 2015/16 and 2016/17 where the CBD of the North is highlighted an important Lighthouse Project. The development of a car park is specifically identified an outcome targeted to be achieved by June 2019.
- 5.1.4 The Public Consultation Policy requires Practice Managers of projects to adopt a risk based approach to determining the level of consultation to be undertaken.
- 5.1.5 The Practice Manager for the Car Park Project will need to assess the consultation required in accordance with this Policy as either low or high risk and then implement consultation in accordance with the Policy.
- 5.1.6 The Policy identifies the following steps are to be undertaken for low risk consultation:
- As a minimum, Council will publish a notice in newspapers circulating the local area, describing the matter for which public consultation is required, and inviting interested persons to make submissions to the Council within a period being at least (21) days from the date of the notice;
 - Place details of all consultations on the Playford website;
 - Have information available for view at customer service points; and
 - Council will consider any submissions received as part of its decision- making process and will also have regard to any relevant legislation.
- 5.1.7 Once the Car Park Project has received the appropriate internal approvals a Communications Plan should be developed which identifies stakeholders, classifies them according to their role and level of engagement and identifies what forms of communication will be used for the different types of stakeholders.

City of Playford
Car Park Project – Section 48 Report



5.1.8 The communication methods to be detailed in the Communications Plan which accord with the Playford Community Engagement Policy include:

- Stakeholder Workshops;
- Information session with adjoining residents and tenants prior to commencement of the Development Application public notification process;
- Council Reports; and
- Public notification as part of the proposed Development Application process.

5.1.9 Other appropriate communication methods which may be required, are:

- Agendas and Minutes of Project Control Group Meetings;
- Door knocking of adjoining residents;
- Media communications e.g. Playford Alive Newsletter;
- Monthly Project Management reports;
- Public Display Boards;
- Site tours; and
- Website.

5.2 Community Influence and Contribution

5.2.1 To date, the community has been afforded the opportunity to contribute and influence the CBD of the North Project through the extensive consultation process undertaken for the Strategic Plan and in the consultation for the Annual Business Plan and Budget in 2015/16 and 2016/17.

5.2.2 The development application process for the construction of the assets will provide further consultation opportunities for the community to influence or contribute specifically to the Car Park Project.

6. FINANCIAL ASSESSMENT

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

- (e) *if the project is intended to produce revenue, revenue projections and potential financial risks;*
- (f) *the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;*
- (g) *the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;*

6.1 Revenue Production, Revenue Projections and Potential Financial Risks

6.1.1 The Car Park Project is forecast to generate revenue from the following sources:

6.1.1.1 Short and long term parking fees; and

6.1.1.2 Third party advertising from one or more digital billboards to be located on the exterior of the car park building.

6.1.2 Parking fees are forecast to be \$210,000 per annum, this is based on the following assumptions.

6.1.2.1 Short term car parking generating \$120,000 per annum, based on 100 short term car parks producing \$5 per day for 240 days each year; and

6.1.2.2 Long term car parking generating \$90,000 per annum, based on 50 car parks being leased on a long term basis to support the car parking requirements of one or more of the buildings being developed. This is 13.8% of the car park capacity.

6.1.3 It is intended that there will be no charge for short term car parking during the first three hours with a minimal charge to be applied thereafter. Although there are no other paid car parks in the area, this is similar to the model used elsewhere in metropolitan Adelaide.

6.1.4 Third party advertising has been estimated by Playford at \$100,000. This will be dependent upon the commercial conditions negotiated at the time the sign is to be commissioned. However, based on the revenue generated from other digital signs in metropolitan Adelaide the revenue assumption appears to be reasonable.

6.1.5 Playford has identified six financial risks, one of which is rated as 'Extreme'. These risk are shown in Table Three.

City of Playford
Car Park Project – Section 48 Report



Table Three: Financial risks identified by Playford

Financial Risk	Inherent Risk	Control identified by Playford
Land sales do not occur.	High	Potential developments are being pursued on all allotments.
Operational costs are higher than expected.	High	Cost estimates are based on assumptions of maintenance costs plus borrowing costs and depreciation.
Has the car park been designed so that it could be sold in the future.	Medium	Car park concept is a stand alone building allowing a freehold sale of single use asset.
Expected revenue from paid parking, leased parking and third party advertising is not received.	Extreme	Operational income has been estimated conservatively from paid parking, leased car parks and third party advertising
Construction costs exceed budget.	Medium	Planned to go Design and Construct tender based on cost per car park.
Meeting the funding milestone.	Extreme	Running the Project as fast as possible.

- 6.1.6 Playford should assess the level of Residual Risk associated with each of the risks identified in Table Three.
- 6.1.7 The risk of 'Operational cost being higher than expected' could be mitigated by involving Asset Managers in the design phase to ensure they are involved in forecasting asset lifecycle costs.
- 6.1.8 We note that if the construction costs do exceed budget during the construction phase, this will result in an increase in depreciation and interest costs beyond those contained in the Project forecasts. Potential alternative or additional mitigation strategies include the following.
- 6.1.8.1 Construction management to be procured to monitor works to invoicing.
- 6.1.8.2 Undertake a costing exercise of materials and possible specs to enable effective value management exercise to be undertaken.
- 6.1.9 The controls identified for the risk of 'Meeting the funding milestone' rated as 'Extreme' should be reviewed to reflect the risk that it is not always possible to run projects as fast as possible. Potential alternative mitigation strategies include the following.
- 6.1.9.1 Resource the Project with appropriate Project Officer support to respond quickly to requests during construction.
- 6.1.9.2 Ensure the Construction contract is conditioned to limit delay costs and load contractor with liability for unmanaged risks.
- 6.1.9.3 Recruitment of sufficient project delivery resources.

6.2 Recurrent and Whole of Life Costs, Financial Arrangements

6.2.1 Recurrent Costs

- 6.2.1.1 The recurrent costs associated with the Car Park Project are maintenance and outgoings, finance and depreciation, collectively these have been estimated at \$795,000 per annum.
- 6.2.1.2 Maintenance and outgoings are estimated to commence at \$307,000 per annum and are subject to indexation. The maintenance costs are expected to cover items such as electricity, cleaning, graffiti removal, lift maintenance etc.
- (a) The sensitivity analysis on the cost of the Project has used a range of between 95% and 115% of the forecast cost base.
 - (b) We note that should Playford invest in the installation of solar panels on the roof of the car park (which is currently unbudgeted) there is the opportunity to reduce the component of the operating costs which relates to electricity.
- 6.2.1.3 Depreciation has been estimated at \$193,000 per annum. This has not been indexed in future years.
- 6.2.1.4 Finance costs are estimated at \$295,000 per annum.

6.2.2 Whole of Life Costs

- 6.2.2.1 The Financial Assumptions on which the Car Park Project are based were prepared by Trice Project and Development Manager (Trice), and the construction costs of recent stand alone car park developments undertaken in metropolitan Adelaide. These are as follows.
- (a) No Return on Cost (ROC) as the carpark will remain a Council held asset.
 - (b) A capital budget of \$17,000 (exc. GST) per carpark.
 - (c) No land cost.
 - (d) No infrastructure cost.
- 6.2.2.2 These financial assumptions are reflected in the following Design Brief given to Trice.
- (a) Bespoke cladding to provide a statement and compliment the adjacent allotment.
 - (b) Screening of carparks.
 - (c) No less than 359 carparks.

City of Playford
Car Park Project – Section 48 Report



- (d) Access to adjacent ice rink with bridge over Philip Highway.
- (e) Large scale digital advertising screen(s).
- (f) Flexibility and adaptability for future use including carpark access to proposed Lot 8 building.
- (g) Natural ventilation.
- (h) No requirement for fire sprinklers.

6.2.2.3 Whole of life assumptions

- (a) The Project will be funded by an loan of \$5.92 million and Partnership grant income of \$1.48 million
- (b) The loan will be repaid by land sales from the Northern CBD Precinct. Proceeds from land sales are assumed to be \$0.95 million per annum. This is based on the assumed total value of land to be sold averaged over an eight year sale period.
- (c) The loan is assumed to be interest only. The interest rate used is 4.50%, with a best case scenario of 4.0% and a worst case scenario of 6.3% (the worst case scenario is consistent with the draft LTTP assumption).
- (d) Depreciation is estimated at \$193,000 per annum. Based on the assumed asset value, the asset is fully depreciated after 39 years.
- (e) Asset values have not been revalued over the term of the Project.
- (f) The useful life of all assets has been estimated at 50 years.
- (g) Outgoings are estimated at \$307,000 per annum. This estimate has been reduced to 95% in the best case scenario and increased to 115% in the worst case scenario.
- (h) Car park fees and third party advertising income is based on estimates prepared by Playford.
- (i) We have not included a provision for Council rates generated following land sales in the Northern CDB Precinct.
- (j) CPI is held constant at 2.7% which is the average over the ten year period of the draft LTTP.

6.2.3 Assuming a 50 year life cycle on the asset the whole of life cost estimates for the Car Park Project are shown in Table Four on the basis of a best case, worst case and most likely outcome.

City of Playford
Car Park Project – Section 48 Report



Table Four: Car Park Project Whole of Life Cost estimate

Item	Likely (m)	Best Case (m)	Worst Case (m)
Revenue			
Grant Income	\$1.480	\$1.480	\$1.480
Car Park Project	\$22.278	\$23.392	\$18.936
Land Sales	\$7.650	\$8.400	\$4.981
Total Revenues	\$31.407	\$33.271	\$25.397
Costs			
Depreciation	\$7.400	\$7.400	\$7.400
Outgoings	\$31.712	\$30.126	\$36.468
Financing	\$1.228	\$1.028	\$2.317
Total Costs	\$40.339	\$38.554	\$46.185
Whole of Life Cost	(\$8.932)	(\$5.282)	(\$20.789)

6.2.4 The whole of life cost should also be considered in the context of the additional Council Rates that will be generated from the development of the Northern CBD which may not occur, or which may be delayed, unless the car park is constructed.

6.2.5 Financial Arrangements

6.2.5.1 Funding for the Car Park Project is intended to come from the following sources as shown in Table Five.

Table Five: Car Park Project Proposed Funding Sources

Funding Source	Amount (\$m)
Council contribution as per previous Prudential Report	\$2.70
Council allocation of Land Sale funds within Stage One Project	\$3.22
State Local Government Infrastructure Partnership grant	\$1.48
Total	\$7.40

6.2.5.2 The Playford contribution of \$5.92 million is comprised of:

- (a) A provision of \$2.7 million identified in the Prudential Review undertaken for the Playford CBD Project Stage One for the Phase Three car park project. This amount is not currently provided for in the Playford LTFP.
- (b) The sale of allotments which form part of the in the Northern CBD precinct.

City of Playford
Car Park Project – Section 48 Report



- 6.2.5.3 As part of Stage One agreements are now in place for the following allotments to be sold.
- (a) Allotment 5 \$660,000 condition sale, due to complete in calendar 2017.
 - (b) Allotment 12 \$2.8 million due to complete three years from now based on agreement.
- 6.2.5.4 Should Playford allocate funding to the Car Park Project from these and other land sales there will be a requirement to provide bridging finance until the sales complete.
- 6.2.5.5 Playford has received \$1.48 million in funding from the State Local Government Infrastructure Partnership (Partnership), which is being administered jointly by the Department of Planning, Transport and Infrastructure (DPTI) and the Local Government Association (LGA). The Partnership was developed to accelerate spending on community infrastructure projects and deliver public value and economic stimulus.
- (a) The Partnership grant is paid once construction has commenced.
 - (b) The Local Government Financing Authority (LGFA) will provide debt finance on a fixed rate, ten-year Credit Foncier basis, for any council borrowings on Partnership projects at its cost of funds (inclusive of State guarantee). These loans are to be drawn down within one year of receiving the grant.

6.3 Financial Viability

- 6.3.1 The following extract from the LTFP lists the financial indicators that Council uses in assessing financial sustainability as per the 2017/18 to 2026/27 draft LTFP.

Figure Two: Financial Sustainability Indicators

Long Term Financial Plan 2017/18	5 Year												
	Current	Year 1	Year 2	Year 3	Year 4	Year 5	Average	Year 6	Year 7	Year 8	Year 9	Year 10	10 Year
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Average
	%	%	%	%	%	%	%	%	%	%	%	%	%
Operating Result Ratio (0-10%)	0.6%	(2.6%)	(2.7%)	(2.9%)	(1.3%)	0.2%	(1.8%)	0.2%	0.9%	1.4%	1.5%	2.1%	-0.3%
Cash Flow From Operations Ratio (90-110%)	91.8%	60.9%	71.7%	73.3%	82.9%	93.3%	76.4%	97.5%	104.3%	108.7%	113.7%	120.2%	92.7%
Asset Sustainability Ratio (90-110%)	89.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Net Financial Liabilities Ratio (50-160%)	149.9%	161.4%	167.9%	167.0%	160.6%	152.4%	161.9%	145.2%	135.1%	126.9%	116.4%	111.2%	144.4%
Interest Expense Ratio (3-10%)	6.1%	7.6%	8.2%	8.9%	7.5%	6.0%	7.6%	5.2%	4.5%	3.8%	3.5%	2.9%	5.8%

- 6.3.2 The scenario analysis in the draft 2017/18 to 2026/27 LTFP shows that subject to the level of investment made by Council in the Northern CBD, Playford may not remain within the target ranges for a number of the key financial sustainability indicators.
- 6.3.3 The Car Park Project on its own is expected to have a negative impact on Playford's financial indicators. However, if by undertaking the Project, development in the area

City of Playford
Car Park Project – Section 48 Report



is catalysed, increases in Council Rates revenue will over time more than offset any negative financial impact of undertaking the Project.

6.3.4 If proposed land sales and subsequent private development occurs, based on modelling performed as part of the Prudential Review undertaken for the Playford CBD Project Stage One, Playford may generate additional annual rates revenue in excess of \$0.750 million per annum. Over the Car Park Project life this additional rates income is much greater than the forecast worse case position.

6.3.5 The Project is a catalyst for economic activity in the region and should be viewed in that context.

6.4 Reliability of assumptions

6.4.1 Formal notification has been provided confirming the Partnership grant, therefore the revenue assumption is certain.

6.4.2 The timing of the receipt of revenue from the sale of Allotment 5 is not certain as the contract is conditional.

6.4.3 The receipt of revenue from the sale of Allotment 12 is subject to the Adelaide Arena project proceeding as currently planned, therefore revenue is not certain.

6.4.4 The revenue assumptions for car parking and advertising are not certain.

6.4.5 The financing costs are based on prevailing interest rates which are higher than those available under the terms of the Partnership grant and are therefore considered reliable.

6.4.6 Depreciation is based on estimates provided by Playford, which are consistent with the LTFP and budgeting processes, they are therefore considered to be reliable.

6.4.7 The maintenance and outgoings are based on estimates provided by Playford and are considered to be reliable.

6.4.8 The financial model has assumed a worst case scenario with cost increases of 115% of the most likely estimate and a best case scenario with costs reduced to 95% of the most likely estimate.

City of Playford
Car Park Project – Section 48 Report



7. PROJECT RISKS AND MITIGATION STRATEGIES

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

- (h) any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);

7.1 Risk Management

- 7.1.1 This report assesses the risk management actions taken or being considered by Playford for the Car Park Project. It is not the purpose of the report to prepare a comprehensive risk management plan, however a level of assessment has been undertaken on the identified risks and the mitigations that have been developed.
- 7.1.2 Playford adopts an integrated and proactive approach to Risk Management, based on current Australian Standards and industry best practice. This approach integrates the management of risk and opportunity into the organisation's governance, strategic planning, reporting and policy development functions as well as its values and culture. This is outlined in the Risk Management Policy adopted on 22 May 2012.
- 7.1.3 The Playford approach to the management of risk for major capital projects is also outlined in the Prudential Management Policy adopted on 22 May 2012. The Car Park Project meets the criteria in the Policy defining a major project. In accordance with this Policy, Prudential Management commences prior to making a decision to proceed with a major project and then continues throughout the life of the project.
- 7.1.4 A risk assessment has been undertaken for the Car Park Project using the Playford Risk Assessment template, a total of 17 risks were identified and assessed.
- 7.1.5 The risks identified were categorised under the following headings: Assets and Infrastructure; Reputation; Public Safety; Public Liability; and Financial.
- 7.1.6 A risk owner has been assigned to each risk and mitigation strategies have been identified and documented for all of the risks.
- 7.1.7 The risk rating for each category of risk is shown in Table Six.

Table Six: Risk Assessment Category Summary

Risk Level	Assets/ Infrastructure	Reputation	Public Safety	Public Liability	Financial
Extreme				1	1
High	4		1		4
Medium	3	2			1
Low					
Total	7	2	1	1	6

City of Playford
Car Park Project – Section 48 Report



- 7.1.8 The Prudential Management Policy requires Council to 'adopt, monitor and review an internal project management framework with associated standards and processes for project management to ensure that all projects (including those that are not major by definition) are managed effectively, undertaken with care, diligence and foresight, identifies and manages risk and is accountable for the use of Council resources'.
- 7.1.9 To date, the approach to risk management appears to have been consistent with the objectives of the Playford Policies.

7.2 Risk Mitigation

- 7.2.1 Playford should ensure that the mitigation strategies identified for the risks associated with the Car Park Project are implemented and that these are progressively updated as the Project is implemented.
- 7.2.2 To support the risk management process the establishment and maintenance of a risk register should be given a high priority.
- 7.2.3 The Project Manager should review and update this register at least monthly and provide a regular status report to the Playford Executive.
- 7.2.4 Consistent with good project management practice, risk management should be a standing agenda item at any Project management meetings during the construction phase of the Project.
- 7.2.5 Reporting protocols should also be established for the Project to ensure the Chief Executive Officer or his delegate and, where appropriate, Council are apprised of areas of risk.

8. PROJECT DELIVERY

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

- (i) *the most appropriate mechanisms or arrangements for carrying out the project.*

8.1 Delivery Mechanism

8.1.1 There are several options available for carrying out the construction phase of the Playford CBD Project: Stage One Phase Three Project, each of which has different advantages and disadvantages depending on the circumstances of a particular project, the most relevant appear to be:

8.1.1.1 Construct only;

8.1.1.2 Design and Construct; and

8.1.1.3 Managing Contractor or Early Contractor Involvement.

8.1.2 In determining the most appropriate delivery option, Playford will need to consider a range of factors including:

8.1.2.1 the Project timeframes;

8.1.2.2 the internal capabilities and availability of Playford staff; and

8.1.2.3 the complexity of the Project in terms of managing sub-contractors and stakeholders.

8.2 Procurement Implications

8.2.1 The Playford Procurement Policy dated 24 May 20016 applies to all procurement processes and activities undertaken by Council, including ordering, purchasing, tendering and contracting.

8.2.2 The Procurement Policy documents that Council's purchasing activities aim to achieve advantageous procurement outcomes by:

- Enhancing value for money by encouraging competition through non-discrimination and competitive processes;
- Promoting the use of resources in an efficient, effective and ethical manner;
- Making decisions with probity, accountability and transparency;
- Providing reasonable opportunity for competitive local businesses to supply to Council;
- Appropriately managing risk; and
- Promoting compliance with all relevant legislation.

City of Playford
Car Park Project – Section 48 Report



8.2.3 In accordance with the Policy Council's procurement activities are to be conducted in accordance with the following fundamental principles:

- 8.2.3.1 Open and Fair Competition
- 8.2.3.2 Probity, Accountability and Transparency
- 8.2.3.3 Ethical Behaviour and Fair Dealing
- 8.2.3.4 Value for Money
- 8.2.3.5 Risk Management
- 8.2.3.6 Industry Participation
- 8.2.3.7 Environmental Sustainability

8.2.4 The Procurement Policy identifies that Council will select an approach to market method best suited to the particular requirement and based on the applying the procurement principles outlined above. These may include:

- Request for Quote
- Request for Tender (Select or Open Market)
- Request for Expression of Interest (EOI)

However, should Council procure using a different method than those listed, then the reasons for selecting that method are to be recorded.

8.2.5 Although there are circumstances where exemptions may apply, the Procurement Policy establishes the following thresholds for individual engagements.

- 8.2.5.1 Purchases under \$1,000 do not require a Purchase Order.
- 8.2.5.2 Purchases between \$1,000 and \$20,000 require a minimum of one quote.
- 8.2.5.3 Purchases between \$20,000 and \$100,000 require a minimum of three written quotations or another method of procurement.
- 8.2.5.4 Purchases greater than \$100,000 require a tender process.

8.2.6 The Procurement Policy also establishes thresholds for on-going engagements. For recurrent service delivery or supply requirements, where multiple engagements of an uncontracted supplier or multiple uncontracted suppliers of the same service delivery or supply type exceed an in aggregate value of \$100,000 within a twelve month period, Council will institute call for tenders in that service delivery or supply type with a view to executing an ongoing contract for supply. The Contract type may be:

- Sole Supply (Single Provider); or
- Panel (Multiple Providers)

City of Playford
Car Park Project – Section 48 Report



8.2.7 Playford has advised that processes consistent with the Procurement Policy were applied to the following procurements relating to the Playford CBD Project: Stage One: Phase Three.

- Architectural Schematics (appointed under delegated authority due to the value being under \$20,000).
- Project Management and Project Feasibility (appointed as a result of an Expression of Interest process).
- Preparation of the Section 48 report (appointed under delegated authority due to the value being under \$20,000).

8.2.8 Playford has also advised that a competitive environment would be sought for the construction works through an Open Tender process which, given the value of the works involved, is consistent with the Playford Procurement Policy.

City of Playford
Car Park Project – Section 48 Report



9. CONCLUSION

- 9.1 This report has been prepared to meet the requirements of Section 48 of the Local Government Act and to provide Council with a comprehensive understanding of the prudential issues relating to Car Park Project, which is part of the Playford CBD Project Stage One which is part of the CBD of the North Lighthouse Project.
- 9.2 The CBD of the North Lighthouse Project is seen as pivotal in enhancing the profile and vibrancy of the City of Playford, attracting greater commercial investment, expanding the range of services and facilities available within the City and enhancing job opportunities for the northern Adelaide community.
- 9.3 The Car Park Project is consistent with the Playford Community Vision 2043 and the Strategic Plan, it is specifically identified as a Lighthouse Project for Strategy 3 within the Strategic Plan. The Car Park Project would also assist to advance a number of the state and national priorities and targets.
- 9.4 The Car Park Project is located in the Regional Centre Zone. The form of development is generally consistent with the objectives, identified land use and principles of development control for the Zones. Development should be referred to the Development Assessment Commission for approval under the Playford Development Plan.
- 9.5 The Car Park Project is expected to provide a positive contribution to economic development in the local area through the associated construction activity. The economic activity from the construction phase is forecast to have a positive economic impact in the region, generating an increase in economic output of over \$16.30 million from the investment of \$7.4 million. The Project is estimated to have an impact of up to 43 jobs through direct, industrial and consumption effects.
- 9.6 The Project will not impact on related businesses in the area nor will it hinder competition.
- 9.7 Consultation on the Car Park Project has been undertaken within the overall major consultation processes undertaken for the CBD of the North Project as part of the Playford Strategic and Annual Business planning processes. The community is therefore considered to have been provided with the opportunity to influence the Project and will be afforded further opportunities to do so during the development assessment process.
- 9.8 The Playford Asset Management Plan - Council Owned Buildings will need to be updated to reflect the construction of the multi-deck car-park, once the Car Park Project is funded to be undertaken. The increase in recurrent costs are estimated at \$0.500 million per annum.
- 9.9 Capital and future operating costs are not provided for within the Playford Long Term Financial Plan for the CBD of the North as a whole. It is the practice of Playford to update the LTFP to reflect any change in the recurrent cost base once a project is approved to be undertaken.
- 9.10 The capital cost of the Project will be funded by a State Local Government Infrastructure Partnership Grant of \$1.480 million with the remaining balance funded with debt. It is proposed that proceeds from the sale of land within the Northern CBD precinct will be used to pay down debt relating to the Project.

City of Playford
Car Park Project – Section 48 Report



- 9.11 Whole of life costs of \$8.932 million have been identified relating to the Project. This amount is the net of anticipated revenue and costs including depreciation, interest and the costs to operate the carpark over an assumed 50 year Project life.
- 9.12 It should also be recognised that the Project is a catalyst for economic activity in the region and should be viewed in that context. While the Car Park Project on its own is expected to result in a financial outlay for Council, the Project will provide necessary infrastructure to support the overall development of the CBD of the North which over time is expected to increase Council income from a range of sources including Council rates.
- 9.13 Work has been carried out to identify the risks associated with the Car Park Project through a high level risk assessment prepared in accordance with the Playford Policy. The Project risks should be progressively updated through a risk register as the Project is implemented.
- 9.14 Playford has identified and implemented appropriate procurement arrangements for the delivery of the Car Park Project to date, consistent with the Playford Procurement Policy. Playford has also identified appropriate arrangements of the delivery of the construction component of the Project which are consistent with the Procurement Policy.

City of Playford
Car Park Project – Section 48 Report

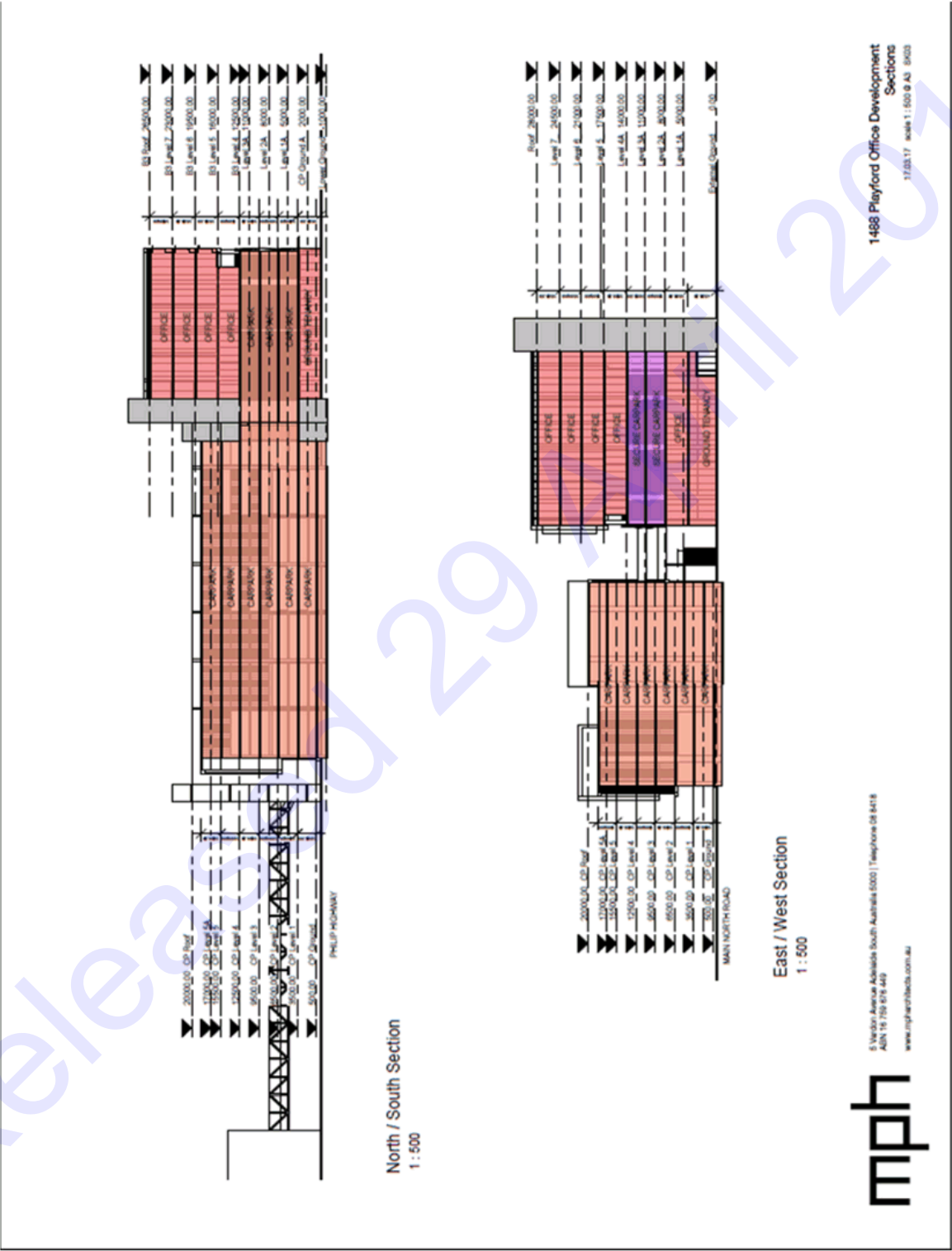


ATTACHMENT ONE: PLAYFORD CBD PROJECT





ATTACHMENT TWO: PROPOSED CAR PARK PROJECT



City of Playford
Car Park Project – Section 48 Report



mph

5 Verdun Avenue Adelaide South Australia 5000 | Telephone 08 8418
ADN 16 759 616 442
www.mpharchitects.com.au

1488 Playford Office Development
Perspective from South East
22/05/17 scale @ A3 SK18 A

ATTACHMENT THREE: LOCAL GOVERNMENT ACT, 1999 – SECTION 48

Section 48 – Prudential requirements for certain activities

- (1) A council must obtain and consider a report that addresses the prudential issues set out in subsection (2) before the council—
 - (a) engages in a commercial project (including through a subsidiary or participation in a joint venture, trust, partnership or other similar body) where the expected recurrent or capital expenditure of the project exceeds an amount set by the council for the purposes of this section; or
 - (b) engages in any project (whether commercial or otherwise and including through a subsidiary or participation in a joint venture, trust, partnership or other similar body)—
 - (i) where the expected expenditure of the council over the ensuing five years is likely to exceed 20 per cent of the council's average annual operating expenses over the previous five financial years (as shown in the council's financial statements); or
 - (ii) where the expected capital cost of the project over the ensuing five years is likely to exceed \$4,000,000.
- (2) The following are prudential issues for the purposes of subsection (1):
 - (a) the relationship between the project and relevant strategic management plans;
 - (b) the objectives of the Development Plan in the area where the project is to occur;
 - (c) the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;
 - (d) the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;
 - (e) if the project is intended to produce revenue, revenue projections and potential financial risks;
 - (f) the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;
 - (g) the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;

City of Playford
Car Park Project – Section 48 Report



- (h) any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);
 - (i) the most appropriate mechanisms or arrangements for carrying out the project.
- (3) A report is not required under subsection (1) in relation to—
 - (a) road construction or maintenance; or
 - (b) drainage works.
- (4) A report under subsection (1) must be prepared by a person whom the council reasonably believes to be qualified to address the prudential issues set out in subsection (2).
- (4a) A report under subsection (1) must not be prepared by a person who has an interest in the relevant project (but may be prepared by a person who is an employee of the council).
- (4b) A council must give reasonable consideration to a report under subsection (1) (and must not delegate the requirement to do so under this subsection).
- (5) A report under subsection (1) must be available for public inspection at the principal office of the council once the council has made a decision on the relevant project (and may be available at an earlier time unless the council orders that the report be kept confidential until that time).
- (6) However, a council may take steps to prevent the disclosure of specific information in order to protect its commercial value or to avoid disclosing the financial affairs of a person (other than the council).
- (6a) For the purposes of subsection (4a), a person has an interest in a project if the person, or a person with whom the person is closely associated, would receive or have a reasonable expectation of receiving a direct or indirect pecuniary benefit or a non-pecuniary benefit or suffer or have a reasonable expectation of suffering a direct or indirect detriment or a non-pecuniary detriment if the project were to proceed.
- (6b) A person is closely associated with another person (the relevant person)—
 - (a) if that person is a body corporate of which the relevant person is a director or a member of the governing body; or
 - (b) if that person is a proprietary company in which the relevant person is a shareholder; or
 - (c) if that person is a beneficiary under a trust or an object of a discretionary trust of which the relevant person is a trustee; or
 - (d) if that person is a partner of the relevant person; or

City of Playford
Car Park Project – Section 48 Report



- (e) if that person is the employer or an employee of the relevant person; or
 - (f) if that person is a person from whom the relevant person has received or might reasonably be expected to receive a fee, commission or other reward for providing professional or other services; or
 - (g) if that person is a relative of the relevant person.
- (6c) However, a person, or a person closely associated with another person, will not be regarded as having an interest in a matter—
- (a) by virtue only of the fact that the person—
 - (i) is a ratepayer, elector or resident in the area of the council; or
 - (ii) is a member of a non-profit association, other than where the person is a member of the governing body of the association or organisation; or
 - (b) in a prescribed circumstance.
- (6d) In this section, \$4 000 000 (indexed) means that that amount is to be adjusted for the purposes of this section on 1 January of each year, starting on 1 January 2011, by multiplying the amount by a proportion obtained by dividing the CPI for the September quarter of the immediately preceding year by the CPI for the September quarter, 2009.
- (6e) In this section—
- employee** of a council includes a person working for the council on a temporary basis;
- non-profit association** means a body (whether corporate or unincorporate)—
- (a) that does not have as its principal object or 1 of its principal objects the carrying on of a trade or the making of a profit; and
 - (b) that is so constituted that its profits (if any) must be applied towards the purposes for which it is established and may not be distributed to its members.
- (7) The provisions of this section extend to subsidiaries as if a subsidiary were a council subject to any modifications, exclusions or additions prescribed by the regulations.

C. COUNCIL/COMMITTEE TO DECIDE HOW LONG ITEM 18.1 IS TO BE KEPT IN CONFIDENCE**Purpose**

To resolve how long agenda item 18.1 is to be kept confidential.

STAFF RECOMMENDATION

Pursuant to Section 90(2) and Section 91(7) of the Local Government Act 1999, the Council orders that the following aspects of Item 18.1 be kept confidential in accordance with Council's reasons to deal with this item in confidence pursuant to Sections 90 (3) (b) (d) of the Local Government Act 1999:

- Report for Item 18.1
- Attachment(s) for Item 18.1
- Discussion for Item 18.1
- Decision for Item 18.1

This order shall operate until the next scheduled annual review of confidential items by Council at which time this order will be reviewed and determined in accordance with Section 91(9)(a) of the Local Government Act 1999.